

The
Management
University
of Africa



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POST GRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF MASTER OF BUSINESS ADMINISTRATION

MBA 509: MANAGERIAL ECONOMICS

DATE: 4TH APRIL 2018

DURATION: 3 HOURS

MAXIMUM MARKS: 60

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains FOUR (4) questions.
4. Question **ONE** is **compulsory**.
5. Answer any other **TWO** questions.
6. Question Carries **30 Marks** while the rest carry **15 MARKS** each.
7. **Write all your answers in the Examination answer booklet provided**

QUESTION ONE

- a) The demand for petrol rises from 1000 to 1200 Barrels when the price of a Toyota Mark11 is reduced from Kshs 1.5M to Kshs 1.2M. Find out the cross elasticity of demand for the two. What is the nature of their relationship?

(8 Marks)

- b) Suppose you are the Chief Executive of Cocoa Cola Bottling company which has the following demand equation

$$Q = 1500 - 2000P + 12A$$

Q = Quantity of Coco Cola demanded

P = Product Price

A = Advertisement expenditure

Assume that P = 60 and A = 2000

- (i) What would happen if the company drops the price to Kshs 50
- (ii) Suppose the company raises the price to Kshs 70 while increasing its advertisement expenditure by Kshs 200 would this be beneficial? Explain

(7 Marks)**(15 Marks)****QUESTION 2**

- a) Write short notes on Marginal Product and Average product. Illustrate using a graph
- b) Explain briefly the various types of costs with suitable examples.
- c) List out the factors that cause economies and diseconomies of scale.

(5 marks)**(3 marks)****(7 marks)****QUESTION 3**

- a) Explain various types of markets with suitable examples.
- b) Describe graphically the pricing and profit determination under monopoly market.
- c) How does the monopolistic competitor incur loss in the business? Explain with a suitable graph.

(5 marks)**(5 marks)****(5 marks)**

QUESTION 4

- a) List out the limitations of monetary policy of Kenya (6 marks)
- b) Explain the major instruments of monetary and fiscal policies of our country (9 marks)

1. The first part of the report is a general introduction to the subject of the study. It discusses the importance of the study and the objectives of the research. It also provides a brief overview of the methodology used in the study.

2. The second part of the report is a detailed description of the methodology used in the study. It discusses the data sources, the data collection methods, and the data analysis methods.

3. The third part of the report is a detailed description of the results of the study. It discusses the findings of the study and the conclusions drawn from the results.

4. The fourth part of the report is a discussion of the implications of the study. It discusses the significance of the findings and the implications for future research.

5. The fifth part of the report is a conclusion. It summarizes the findings of the study and provides a final statement on the importance of the study.

6. The sixth part of the report is a list of references. It lists the sources of information used in the study.

7. The seventh part of the report is an appendix. It contains additional information that is not included in the main body of the report.

8. The eighth part of the report is a glossary. It defines the terms used in the report.